

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF ANGOLA  
STEUBEN COUNTY, INDIANA

January 1, 2012 to December 31, 2012



**FILED**  
09/11/2013



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards .....	6-7
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10
Notes to Financial Statement .....	11-16
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	18-23
Schedule of Payables and Receivables .....	24
Schedule of Leases and Debt .....	25
Schedule of Capital Assets .....	26
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance .....	28-29
Schedule of Expenditures of Federal Awards .....	32
Notes to Schedule of Expenditures of Federal Awards .....	33
Schedule of Findings and Questioned Costs .....	34
Exit Conference .....	35

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Debra A. Twitchell	01-01-12 to 12-31-15
Mayor	Richard M. Hickman	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Richard M. Hickman	01-01-12 to 12-31-13
President of the Common Council	Richard M. Hickman	01-01-12 to 12-31-13
Superintendent of Water Utility	Daniel D. Olis Tom Selman	01-01-12 to 05-17-13 05-18-13 to 12-31-13
Superintendent of Wastewater Utility	Craig Williams	01-01-12 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF ANGOLA, STEUBEN COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of Angola (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2012.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated July 22, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

INDEPENDENT AUDITOR'S REPORT  
(Continued)

used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Bruce Hartman  
State Examiner

July 22, 2013



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF ANGOLA, STEUBEN COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Angola (City), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated July 22, 2013, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman  
State Examiner

July 22, 2013

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF ANGOLA  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 1,807,461	\$ 5,123,027	\$ 5,218,027	\$ 1,712,461
Motor Vehicle Highway	901,141	1,243,168	1,234,363	909,946
Local Road & Street	30,632	39,394	27,991	42,035
Riverboat	132,824	52,717	182,679	2,862
Parks and Recreation	283,621	342,649	335,018	291,252
Hazmat Response	5,612	1,600	1,117	6,095
Rainy Day	131,128	392,257	-	523,385
Levy Excess	-	55,573	-	55,573
Local Major Moves Construction	3,510,127	8,710	300,000	3,218,837
Police Operations	1,500	100	100	1,500
Cumulative Capital Improvement	98,832	22,841	-	121,673
Cumulative Capital Development	202,787	198,126	246,055	154,858
Park Nonreverting Capital	31,558	12,213	12,852	30,919
CEDIT	668,470	609,816	1,012,840	265,446
Police Officers' Pension	268,706	240,304	234,461	274,549
Redevelopment General	66	87,331	-	87,397
Law Enforcement Trust	-	7,985	-	7,985
Petty Cash	300	-	-	300
Cash Change	900	-	-	900
Donation	76,361	82,323	49,440	109,244
Escrow Fund	45,175	35,035	38,750	41,460
Law Enforcement Continuing Education	9,102	12,487	5,890	15,699
LOIT Public Safety	865,794	480,801	-	1,346,595
Federal Grants	-	59,706	59,706	-
Capital Projects Fund - Other	942,466	3,986	53,951	892,501
Payroll Withholding Fund	62,581	2,637,477	2,694,765	5,293
Wastewater Utility - Operating	249,107	2,209,161	2,085,031	373,237
Wastewater Utility - Bond & Interest	717,981	654,358	654,358	717,981
Wastewater Utility - Improvement	269,269	190,526	248,860	210,935
Wastewater Utility - Construction	2,486,860	105,731	1,609,356	983,235
Water Utility - Construction	-	431,334	90,279	341,055
Water Utility - Operating	156,088	1,786,325	1,773,315	169,098
Water Utility - Bond & Interest	615,322	441,281	455,734	600,869
Water Utility - Improvement	632,284	180,293	11,925	800,652
Water Utility - Customer Deposit	46,490	23,090	20,800	48,780
Totals	<u>\$ 15,250,545</u>	<u>\$ 17,771,725</u>	<u>\$ 18,657,663</u>	<u>\$ 14,364,607</u>

The notes to the financial statement are an integral part of this statement.

CITY OF ANGOLA  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

CITY OF ANGOLA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Penalties which include fees received for late payments.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF ANGOLA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF ANGOLA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF ANGOLA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

CITY OF ANGOLA  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy*

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

**Note 7. Remediation**

In January 2012, the City received 12,010 shares of Dana Holding Corporation Stock valued at \$180,150. These funds are to be used to relieve or supplement the Common Council pledge of local dollars to the sewage works to pay a portion of the sewage service rates known as the sewer service replacement credit and for any additional expenditures related to the Indiana Department of Environmental Management Dana Corporation Weatherhead Facility Site Remediation Project located at 203 Weatherhead Street.

As of December 31, 2012, the City still held 12,010 shares of the stock and had a fair market value of \$187,476 for a net increase of \$7,326.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	General	Motor Vehicle Highway	Local Road & Street	Riverboat	Parks and Recreation	Hazmat Response
Cash and investments - beginning	\$ 1,807,461	\$ 901,141	\$ 30,632	\$ 132,824	\$ 283,621	\$ 5,612
Receipts:						
Taxes	2,528,565	961,122	-	-	322,183	-
Licenses and permits	61,125	-	-	-	-	-
Intergovernmental	1,654,239	270,789	39,394	51,017	20,110	-
Charges for services	848,157	2,580	-	1,700	-	1,600
Fines and forfeits	7,060	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	23,881	8,677	-	-	356	-
Total receipts	<u>5,123,027</u>	<u>1,243,168</u>	<u>39,394</u>	<u>52,717</u>	<u>342,649</u>	<u>1,600</u>
Disbursements:						
Personal services	3,177,489	561,144	-	-	230,749	-
Supplies	273,980	133,267	-	-	20,890	-
Other services and charges	1,266,250	411,721	27,991	18,596	52,724	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	124,003	128,231	-	164,083	30,655	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	376,305	-	-	-	-	1,117
Total disbursements	<u>5,218,027</u>	<u>1,234,363</u>	<u>27,991</u>	<u>182,679</u>	<u>335,018</u>	<u>1,117</u>
Excess (deficiency) of receipts over disbursements	<u>(95,000)</u>	<u>8,805</u>	<u>11,403</u>	<u>(129,962)</u>	<u>7,631</u>	<u>483</u>
Cash and investments - ending	<u>\$ 1,712,461</u>	<u>\$ 909,946</u>	<u>\$ 42,035</u>	<u>\$ 2,862</u>	<u>\$ 291,252</u>	<u>\$ 6,095</u>

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Rainy Day	Levy Excess	Local Major Moves Construction	Police Operations	Cumulative Capital Improvement	Cumulative Capital Development
Cash and investments - beginning	\$ 131,128	\$ -	\$ 3,510,127	\$ 1,500	\$ 98,832	\$ 202,787
Receipts:						
Taxes	-	-	-	-	-	186,486
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	20,694	-	-	22,841	11,640
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	392,257	34,879	8,710	100	-	-
Total receipts	392,257	55,573	8,710	100	22,841	198,126
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	207,415
Capital outlay	-	-	-	-	-	38,640
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	300,000	100	-	-
Total disbursements	-	-	300,000	100	-	246,055
Excess (deficiency) of receipts over disbursements	392,257	55,573	(291,290)	-	22,841	(47,929)
Cash and investments - ending	\$ 523,385	\$ 55,573	\$ 3,218,837	\$ 1,500	\$ 121,673	\$ 154,858

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Park Nonreverting Capital	CEDIT	Police Officers' Pension	Redevlopment General	Law Enforcement Trust	Petty Cash
Cash and investments - beginning	\$ 31,558	\$ 668,470	\$ 268,706	\$ 66	\$ -	\$ 300
Receipts:						
Taxes	-	-	-	80,930	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	603,817	240,304	6,401	-	-
Charges for services	5,140	5,600	-	-	-	-
Fines and forfeits	225	-	-	-	7,985	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	6,848	399	-	-	-	-
Total receipts	<u>12,213</u>	<u>609,816</u>	<u>240,304</u>	<u>87,331</u>	<u>7,985</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	149,321	-	-	-	-
Other services and charges	-	134,978	234,461	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	12,837	675,360	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	15	53,181	-	-	-	-
Total disbursements	<u>12,852</u>	<u>1,012,840</u>	<u>234,461</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(639)</u>	<u>(403,024)</u>	<u>5,843</u>	<u>87,331</u>	<u>7,985</u>	<u>-</u>
Cash and investments - ending	<u>\$ 30,919</u>	<u>\$ 265,446</u>	<u>\$ 274,549</u>	<u>\$ 87,397</u>	<u>\$ 7,985</u>	<u>\$ 300</u>

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Cash Change	Donation	Escrow Fund	Law Enforcement Continuing Education	LOIT Public Safety	Federal Grants
Cash and investments - beginning	\$ 900	\$ 76,361	\$ 45,175	\$ 9,102	\$ 865,794	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	2,820	-	-
Intergovernmental	-	-	-	1,875	480,801	59,706
Charges for services	-	-	-	4,296	-	-
Fines and forfeits	-	-	-	1,636	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	82,323	35,035	1,860	-	-
Total receipts	-	82,323	35,035	12,487	480,801	59,706
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	4,473	-	-
Other services and charges	-	-	-	1,417	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	49,440	38,750	-	-	59,706
Total disbursements	-	49,440	38,750	5,890	-	59,706
Excess (deficiency) of receipts over disbursements	-	32,883	(3,715)	6,597	480,801	-
Cash and investments - ending	\$ 900	\$ 109,244	\$ 41,460	\$ 15,699	\$ 1,346,595	\$ -

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Capital Projects Fund - Other	Payroll Withholding Fund	Wastewater Utility Operating	Wastewater Utility Bond & Interest	Wastewater Utility Improvement	Wastewater Utility Construction
Cash and investments - beginning	\$ 942,466	\$ 62,581	\$ 249,107	\$ 717,981	\$ 269,269	\$ 2,486,860
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	2,151,880	-	54,160	-
Penalties	-	-	27,976	-	-	-
Other receipts	3,986	2,637,477	29,305	654,358	136,366	105,731
Total receipts	<u>3,986</u>	<u>2,637,477</u>	<u>2,209,161</u>	<u>654,358</u>	<u>190,526</u>	<u>105,731</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	53,951	-	-	-	248,860	-
Utility operating expenses	-	-	1,356,238	-	-	1,609,356
Other disbursements	-	2,694,765	728,793	654,358	-	-
Total disbursements	<u>53,951</u>	<u>2,694,765</u>	<u>2,085,031</u>	<u>654,358</u>	<u>248,860</u>	<u>1,609,356</u>
Excess (deficiency) of receipts over disbursements	<u>(49,965)</u>	<u>(57,288)</u>	<u>124,130</u>	<u>-</u>	<u>(58,334)</u>	<u>(1,503,625)</u>
Cash and investments - ending	<u>\$ 892,501</u>	<u>\$ 5,293</u>	<u>\$ 373,237</u>	<u>\$ 717,981</u>	<u>\$ 210,935</u>	<u>\$ 983,235</u>

CITY OF ANGOLA  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Water Utility Construction	Water Utility Operating	Water Utility Bond & Interest	Water Utility Improvement	Water Utility Customer Deposit	Totals
Cash and investments - beginning	\$ -	\$ 156,088	\$ 615,322	\$ 632,284	\$ 46,490	\$ 15,250,545
Receipts:						
Taxes	-	-	-	-	-	4,079,286
Licenses and permits	-	-	-	-	-	63,945
Intergovernmental	-	-	-	-	-	3,483,628
Charges for services	-	-	-	-	-	869,073
Fines and forfeits	-	-	-	-	-	16,906
Utility fees	-	1,746,086	-	20,645	23,090	3,995,861
Penalties	-	6,505	-	-	-	34,481
Other receipts	431,334	33,734	441,281	159,648	-	5,228,545
Total receipts	431,334	1,786,325	441,281	180,293	23,090	17,771,725
Disbursements:						
Personal services	-	-	-	-	-	3,969,382
Supplies	-	-	-	-	-	581,931
Other services and charges	-	-	-	-	-	2,148,138
Debt service - principal and interest	-	-	-	-	-	207,415
Capital outlay	-	-	-	11,925	-	1,488,545
Utility operating expenses	-	1,172,386	-	-	-	4,137,980
Other disbursements	90,279	600,929	455,734	-	20,800	6,124,272
Total disbursements	90,279	1,773,315	455,734	11,925	20,800	18,657,663
Excess (deficiency) of receipts over disbursements	341,055	13,010	(14,453)	168,368	2,290	(885,938)
Cash and investments - ending	\$ 341,055	\$ 169,098	\$ 600,869	\$ 800,652	\$ 48,780	\$ 14,364,607

CITY OF ANGOLA  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 11,402	\$ 10,951
Water	87,857	6,305
Governmental activities	191,903	14,225
Totals	\$ 291,162	\$ 31,481

CITY OF ANGOLA  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Regions Equipment Finance Corporation	Purchase 2008 HP95MM aerial fire truck	\$ <u>207,415</u>	04-25-11	04-25-14
Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year	
Wastewater:				
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2010 Series A	\$ 3,870,000	\$ 245,335	
Revenue bonds	Sewage Works Refunding Revenue Bonds of 2010 Series B	<u>2,975,000</u>	<u>87,500</u>	
Total Wastewater		<u>6,845,000</u>	<u>332,835</u>	
Water:				
Revenue bonds	Waterworks Revenue Bonds of 2007	2,010,000	195,915	
Revenue bonds	Waterworks Revenue Bonds of 2012	<u>1,960,000</u>	<u>217,615</u>	
Total Water		<u>3,970,000</u>	<u>413,530</u>	
Totals		<u>\$ 10,815,000</u>	<u>\$ 746,365</u>	

CITY OF ANGOLA  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 2,896,233
Infrastructure	13,456,894
Buildings	4,603,467
Improvements other than buildings	483,639
Machinery, equipment, and vehicles	4,460,410
Construction in progress	441,468
Total governmental activities	26,342,111
Wastewater:	
Land	26,625
Infrastructure	18,725,419
Buildings	7,601,274
Improvements other than buildings	85,931
Machinery, equipment, and vehicles	2,136,971
Construction in progress	91,169
Total Wastewater	28,667,389
Water:	
Land	56,533
Infrastructure	6,675,435
Buildings	3,586,894
Improvements other than buildings	7,390
Machinery, equipment, and vehicles	2,086,802
Construction in progress	36,315
Total Water	12,449,369
Total capital assets	\$ 67,458,869

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE CITY OF ANGOLA, STEUBEN COUNTY, INDIANA

***Report on Compliance for The Major Federal Program***

We have audited the City of Angola's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2012. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on The Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the type of requirements that could

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman  
State Examiner

July 22, 2013

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF ANGOLA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Owner Occupied Rehab	Indiana Housing and Community Development Authority	14.228	HD-011-008	\$ 59,706
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Comprehensive Plan	Office of Community and Rural Affairs (OCRA)	14.228	PL-011-016	50,000
Total - Department of Housing and Urban Development				109,706
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program Police Digital Video Recording System	Indiana Criminal Justice Institute	16.738	2010-DJ-BX-0254	4,325
Total - JAG Program Cluster				4,325
Bulletproof Vest Partnership Program Bulletproof Vest	Direct grant	16.607	06-B-06-13-44	1,875
Total - Department of Justice				6,200
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction SRTS Hendry Park	Indiana Department of Transportation	20.205	DES1006382	16,856
Street Sign Replacement		20.205	DES1172002	16,282
Wendell Jacob Ave Reconstruction		20.205	DES1173220	97,888
Total - Highway Planning and Construction Cluster				131,026
Highway Safety Cluster				
Alcohol Impaired Driving Countermeasures Incentive Grants I Operation Pull Over	Town of Hudson	20.601		4,875
Total - Department of Transportation				135,901
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds				
IDEM Dana Cleanup	Indiana Finance Authority	66.458	2W-00E73001-0	570,919
ARRA - Capitalization Grants for Clean Water State Revolving Funds, Recovery Act IDEM Dana Cleanup	Indiana Finance Authority	66.458	2W-00E73001-0	120,913
Total - Environmental Protection Agency				691,832
Total federal awards expended				\$ 943,639

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ANGOLA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Angola (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

**Note 2. Subrecipient**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipient as follows for the year ended December 31, 2012

Program Title	Federal CFDA Number	2012
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 59,706

CITY OF ANGOLA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

CITY OF ANGOLA  
EXIT CONFERENCE

The contents of this report were discussed on July 22, 2013, with Debra A. Twitchell, Clerk-Treasurer; Richard M. Hickman, Mayor; and Tammy Onofrietti, Deputy Clerk. Our audit disclosed no material items that warrant comment at this time.